

■ IRAN/CONTRA IN COSTA RICA

The Case of Ollie's Airstrip

PETER KORNBLUH AND MARTHA HONEY

On December 1, 1992, as outgoing Bush Administration officials packed their bags, the Costa Rican Ambassador to the United States, Gonzalo Facio, was summoned to the State Department to discuss his government's pending request for \$250 million in credits from the Inter-American Development Bank (I.D.B.). As Ambassador Facio later recounted, Deputy Assistant Secretary of State John Maistro "explained that, on the explicit instructions of President Bush, the U.S. executive director of the I.D.B. would have to oppose approval of this loan." The reason given: Because of unresolved expropriation cases of properties belonging to U.S. citizens—including a property on the Santa Elena peninsula that figured prominently in the Reagan Administration's illegal *contra* resupply operations and that the Costa Rican government wants to incorporate into a national park—"an appropriate climate for foreign investment does not exist in Costa Rica."

True to Maistro's warning, when the I.D.B. board of directors met on December 18, the Bush Administration blocked passage of the loan package. After a personal appeal from Costa Rican President Rafael Calderón to President Bush, when the credit proposal came before the board again on January 6, the U.S. representative allowed one loan of \$80 million to go forward but prevented approval of the other \$170 million.

The Bush Administration's punitive actions against the oldest and most stable democracy in Latin America has precipitated a major crisis in U.S.-Costa Rican relations. Wholly unreported in the United States, the conflict is front-page news in Costa Rica, where it has resurrected the ghost of the Iran/*contra* scandal and provoked politicians, citizens groups and the press into accusing Washington, rather uncharacteristically, of imperial behavior. Washington is threatening to turn the I.D.B. into "an instrument of a new kind of gunboat diplomacy," Facio recently stated. "Santa Elena has an ecological and political importance to us," former president and Nobel laureate Oscar Arias told the authors. "It is our right to make the land part of our national parks."

In Costa Rica, the issue has been dubbed "El caso Hamilton," after Joseph Hamilton, a North Carolina businessman who represents the Santa Elena Development Corporation. The mysterious company holds title to a 53,000-acre ranch in

Peter Kornbluh is co-editor of the National Security Archive documents reader, The Iran-Contra Scandal: The Declassified History, to be published in May by the New Press. Martha Honey is co-director of the National Security News Service and the author of a forthcoming book, Hostile Acts: The Impact of U.S. Policy on Costa Rica in the 1980s.

The Nation Has 15,000 Best Friends.

Will You Be 15,001?

Publishing *The Nation* is not a profitable venture. So it takes a lot of friends to help pay the bills and maintain *The Nation's* strong, independent voice.

We call these friends Nation Associates, and each year 15,000 of them give *The Nation* a donation over and above the price of their subscription. This isn't disposable income for us—we need this help to continue providing the alternative perspectives and voice of dissent for which *The Nation* is known.

When you join the Nation Associates, you receive:

- *The Nation Associate*, a newsletter that takes you behind the scenes at *The Nation*.
- Discounts on a revolving list of more than 30 books by *Nation* writers and contributors.
- Special invitations to *Nation* events, lectures and political discussion groups in your area.

Having 15,000 best friends has made *The Nation's* proud history possible. Would you like to be counted among our friends?

Yes, I want to join the Nation Associates. My membership is enclosed in the amount of.

\$15 \$25 \$50 \$100 Other

Name _____

Address _____

City _____ State _____ ZIP _____

Please return to The Nation Associates, 72 Fifth Avenue, New York, NY 10011.

northwestern Costa Rica near the border with Nicaragua. Although there are a half-dozen other expropriation cases, "U.S. representatives have exerted continuing pressure on behalf of the Costa Rican company," as Ambassador Facio stated in an internal report to the I.D.B., "even though there is no record of its true shareholders because most, if not all, of the shares . . . are held by a company incorporated in Liberia, Africa, whose capital stock—bearer shares—conceals the true stockholders."

Two previous stockholders, however, can be identified: Oliver North and Richard Secord. According to evidence presented at North's 1989 Iran/*contra* trial, the two used aliases and a shell company to purchase Hamilton's shares in the corporation in early 1986 as part of the covert *contra* airlift being run out of the National Security Council. A dirt airstrip on the property was modernized for use by planes airdropping supplies along the southern front in Washington's war against the Sandinistas. "I have a suspicion, to say the least," says Ambassador Facio, regarding the possibility that Iran/*contra* had something to do with the Bush Administration's motivations in this case.

The disputed property has a fascinating history. Once part of a huge hacienda owned by former Nicaraguan dictator Anastasio Somoza, it was purchased from his family in 1970 by three U.S. investors. Ostensibly part of a tourism development project, the investors' land was registered in San José under the name "Compañía de Desarrollo de Santa Elena, S.A." with a parent company, the Santa Elena Development Corporation, registered in Monrovia, Liberia—a location frequently used by international financiers seeking anonymity. (Liberia is also the name of the largest Costa Rican town near the property.)

Located in the northwestern Guanacaste Province, the land bifurcates the Santa Rosa National Park, the site of one of Costa Rica's most famous battles—the March 20, 1856, defeat of William Walker's marauding filibusters—and one of Central America's most important ecological zones. "The park's enormous biological wealth and variety," writes Mario Boza, Costa Rica's Vice Minister for Natural Resources, has made it "an important international research center for studying the ecology of the tropical dry forest." The park has also been the center of a multimillion-dollar conservation effort, led by renowned biologist Daniel Janzen, to restore the plant and animal populations to their original habitat.

This regeneration project, and the "ecological necessity of extending the park's control over the entire Santa Elena peninsula," explained Roger Blanco, Santa Rosa's director of field research, led conservationist groups in Costa Rica to try to acquire the acreage owned by the Santa Elena Development Corporation. In 1978 outgoing President Daniel Oduber expropriated the land by decree, but he failed to implement proper procedures for compensating the U.S. owners. In 1985 the conservationists, led by the National Parks Foundation, entered into direct negotiations with Hamilton, a textile factory owner who, according to Costa Rican registrar records, was president of the corporation. But in the spring of 1986 Hamilton informed them that he no longer owned the prop-

erty; if they wanted to purchase it they would have to speak to a Robert Olmsted of the Udall Research Corporation.

Olmsted was, in reality, the alias of William Haskell, an H&R Block tax accountant and an old Marine buddy of Oliver North's. In the late summer of 1985, North asked Haskell—he was known around the N.S.C. office as "One-Eyed Jack," according to North's assistant, Fawn Hall, because he had lost an eye in Vietnam—to front for negotiations with Hamilton in acquiring the property. Udall Research Corporation was a "shell corporation, an untraceable corporation" registered in Panama, according to Haskell, created specifically for this deal. (Since the cover story was to be that the company wanted to promote ecological tourism, Richard Secord writes in his memoirs, *Honored and Betrayed*, it was "named, appropriately, after Morris Udall, the noted conservationist.")

Ambassador Tambs made the airstrip his 'pet project.'

The Santa Elena property had, in fact, first been surveyed by the C.I.A. in late 1982 as the site for an ambitious top-secret scheme to construct a multipurpose U.S./*contra*/Costa Rican military base for the "southern front." That project never materialized; instead, according to interviews with Costa Rican officials and C.I.A.-hired pilots, over the next two years the dirt landing strip on the ranch property was used intermittently for running arms and drugs.

In mid-1985, however, when North and Secord initiated their *contra* arms airlift operation, efforts to acquire the land and upgrade the airfield moved into high gear. In July a new U.S. Ambassador, Lewis Tambs, arrived in San José with a "mission" to open the southern front and the "pet project" of securing the airstrip, according to embassy associates. On August 10, North himself flew to San José to confer personally with Tambs and C.I.A. station chief Joseph Fernandez about obtaining President Luis Alberto Monge's permission for the operation. Monge recalls meeting with several groups of map-carrying gringos who implored him, for Costa Rica's sake, to authorize the construction of the Santa Elena base—which he did.

Ten days later, Fernandez and Robert Owen, North's personal envoy (and former legislative aide to then-Senator Dan Quayle), flew to the secluded airstrip, which came to be known in the lexicon of this covert operation as "Point West," for an inspection. In an August 25 "for your eyes only" memo to "BG"—"Blood and Guts"—Owen reported to North that the site had the least "chance of discovery" and that he would obtain intelligence on the owner so "he can be approached by a company wishing to rent the land for a year with the option to buy. A guess is that the cost will run between \$10,000 and \$20,000 for a year."

The price turned out to be considerably higher. After what Haskell describes as "rather extensive negotiations" with Hamilton—he testified at the North trial that "our goal in these negotiations was simply to get his okay to use the land

but as it turned out he wanted to be protected just in case anything went wrong"—Udall Research Corporation agreed to purchase 15,000 acres of the property for the extraordinary sum of \$5 million, through a mortgage to be carried by Hamilton. In an interview two years ago Hamilton said he was delighted by the sale since the "Sandinista problem" had rendered the property virtually useless. "I thought they were the biggest suckers in the world," he said, "but it seemed they could afford to pay anything." (In the end, only one payment of \$125,000 was wired from the enterprise's Swiss account to Hamilton's bank in Charlotte, North Carolina.) In papers drawn up by Hamilton's Costa Rican law firm, Robert Olmsted, Richard S. Copp (Secord's alias) and William C. Goode (North's alias), according to Haskell, thus became co-owners and directors of the Santa Elena Development Corporation.

As construction was finished on Point West and the base became operational, however, the political climate in Costa Rica shifted. On May 8, 1986, the new president, Oscar Arias, was inaugurated and promptly informed U.S. officials that the airstrip could not be used. According to a recently declassified C.I.A. review of Joseph Fernandez's activities in Costa Rica, when Ambassador Tamba and the station chief informed Elliott Abrams of Arias's position, the Assistant Secretary of State for Inter-American Affairs responded diplomatically: "We'll have to squeeze his balls [and] get tough with him." Despite extensive U.S. pressure, however, Costa Rican guardsmen seized the strip, and on September 24, 1986, the Arias government informed the press that the strip had been permanently closed. "Udall will cease to exist by noon today," North immediately informed Poindexter, as the covert operation was shut down. Ten months later, Arias issued an executive decree expropriating the Santa Elena property for incorporation into the Santa Rosa National Park.

How—indeed whether—Hamilton recovered legal ownership of the property remains a key unanswered question in this conflict. So too do the identities of the other individuals who, he claims, hold shares in the corporation. From Costa Rica's viewpoint, if U.S. citizens cannot be proved to be majority owners, the U.S. government has no standing in this issue and no legal, let alone political, reason for its punitive actions. Corporate registration papers in Liberia do not list the shareholders. There is no evidence that Hamilton foreclosed on the Udall mortgage and, according to Ambassador Facio's report to the I.D.B., Hamilton himself "does not appear as a director or majority shareholder of the company." Although Hamilton's Costa Rican lawyer, Miguel Ruiz, claims that the company is registered in New York and has ten U.S. co-owners, no documentation has been produced. Citing rules of confidentiality, U.S. Embassy officials have repeatedly refused to disclose the names of the owners, although they say privately that a confidential cable has been sent to Washington identifying who they are.

In early 1991, Hamilton told the English-language *Tico Times* that he was "no longer the representative of the Compañía de Desarrollo de Santa Elena" but that he couldn't comment on his interest in the company because "it's gotten very complicated." Still, he continues to be involved in negotia-

tions surrounding its expropriation. Two years ago he proposed to donate most of the property to the national park in return for being allowed to keep the airstrip and the surrounding land for his own "eco-tourism project." Despite the Bush Administration's decision, in February 1991, to withhold \$10 million in A.I.D. funds as pressure, Costa Rican authorities rejected the offer on the ground that allowing a foreign-owned enclave in the middle of the national park would defeat the ecological purpose of nationalizing the land. Despite the blockade of I.D.B. loans, the Costa Rican government refuses to accept Hamilton's continuing demands that he be allowed to keep part of the property and that the value of the rest be decided by international arbitration.

Instead, Costa Rican authorities have deposited almost \$2 million in an escrow account as partial payment to Hamilton (and the other mystery owners) and insisted that the full value of the property be determined through legal Costa Rican procedures. Armed with a court order and accompanied by police, a Costa Rican land appraiser conducted an on-site survey in mid-January and is currently writing his evaluation. "We are ready to deposit the amount of his assessment, which will show our good will," says Ambassador Facio.

During the Christmas holidays, conservation groups, trade unions and even the Costa Rican Human Rights Commission took out full-page advertisements in the papers urging the government to defend Costa Rica's national sovereignty in the face of U.S. pressure. The Association of Guanacaste, the conservation society that represents Santa Rosa park, even designed a T-shirt that reads "SANTA ELENA IS OUR NATURAL HERITAGE; WE MUST NOT LOSE IT," which, for the benefit of the media, was presented to President Rafael Calderón. For his part, Calderón, a conservative who received major backing from the Bush Administration when he was elected in



1990, has adopted the voice of a nationalist leader. Calling the Bush Administration's actions "an injustice against Costa Rica," Calderón told the press last December that he would "tell the world that we are waging a struggle in defense of the environment, in defense of our ecology, in defense of the quality of life for our children and grandchildren."

When Costa Rica's I.D.B. loans once again come up for consideration, Calderón stated, "there will be another administration directing the destiny of the United States." Indeed, given Albert Gore's environmental interests, Costa Rican authorities are hopeful that the new Clinton Administration heralds an end to the Bush blockade and the beginning of a new approach to the region. The vote soon to be cast by the U.S. representative to the I.D.B. will provide one of the earliest signals of President Clinton's willingness to resolve an issue left by the Iran/*contra* scandal and redress his predecessors' imperial posture toward Central America. □

■ THE TARNISHED CROWN

England's Battle Of the Royals

STUART WEIR

On December 9, 1992, Prime Minister John Major abandoned vital talks in Paris with the head of the European Commission, Jacques Delors, on Britain's future in Europe to announce in Parliament the "amicable" legal separation of Prince Charles and Princess Diana. He was criticized for getting his priorities wrong. But that is to underestimate the panic in the English establishment about its ability to hold together the unreformed British state, which now rests more than ever upon the continuing popularity of the monarchy.

Major's statement was in effect an attempt by the state to broker a peace treaty in the vicious two-year-old public war being waged in Britain's media between the Prince of Wales and his disaffected wife. So desperate were the Conservative government and Queen Elizabeth to gain a breathing space that the royal family capitulated to almost all of Diana's demands, and Major made the unrealizable pledge that should Prince Charles accede to the throne she would retain the right to be crowned queen "in due course"—a pledge he knew the royal family had no intention of ever honoring.

The royals have been in trouble since the mid-1980s, but their tightly controlled world finally erupted in fury and loathing last year with the squalid breakup of the marriage of the Queen's oafish second son, Prince Andrew, and Sarah Ferguson, and Fergie's subsequent humiliation; Diana's decision to go nuclear in her war with Charles by sanctioning and approving Andrew Morton's book *Diana—Her True Story*; and

his camp's retaliation with the public release in the *Sun*, a Murdoch tabloid, of a censored version of a tape recording of her telephone conversation with an airhead admirer, known as "the Squidgy tape" because of his repeated use of a pet name for the Princess.

The royal image was also debased in less spectacular but ultimately more damaging ways. First came a detailed academic study of how the royal family had secretly managed to dodge paying income tax in various deals with governments between 1910 and 1952; then the revelation that one of Margaret Thatcher's last acts as Prime Minister was to strike a ten-year, nonnegotiable pact with the Queen over the royal finances that could not (as Major confirmed) be scrutinized by Parliament. The fact that the wealthiest woman in the world was wangling her tax lit a fuse of resentment among the British public that finally exploded in rage at a moment when the Queen might well have expected public sympathy. As Windsor Castle, the royal residence that she knows as home, blazed symbolically into flames on her forty-fifth wedding anniversary, an old cove who turned out to be a government minister stood before the ruins on national TV and declared that the Queen need not worry—taxpayers would foot the \$100 million cost of restoration. The British people were outraged. No they bloody *wouldn't*.

The outrage was a sign of the phenomenon that is undermining Britain's *ancien régime*, and the monarchy with it—loss of deference. Britain's political system derives directly from a coup d'état in 1688, dishonestly known as the "Glorious Revolution," which institutionalized deference in Britain's political system. But public education has gradually been transforming British subjects into more questioning and nondeferential individuals—a process that began in the swinging sixties but was encouraged by Thatcher's aggressively individualistic decade; the logic of Thatcherism was republican, even if the practice wasn't. Economic decline and social divisions have, however, given a sour edge to the public's continuing, but incomplete, liberation from deference. This sourness finds its sharpest expression on the satirical TV puppet show *Spitting Image*, which mocks royals with the same leveling savagery as it does politicians.

Conscious that her subjects' discontents were raising Britain's mild republican tradition from its torpor, the Queen set out to sue for peace with the public. Three days after the Windsor fire, at a sumptuous banquet in the City of London, she appealed for public sympathy, describing 1992 as an "*annus horribilis*." It didn't play; the *Sun*'s response was a crude punning headline: "ONE'S BUM YEAR." The next day John Major announced that the Queen had decided "months ago" that she would voluntarily pay taxes and also would end the state subsidies paid to members of her large family. He did not announce that part of his deal with the monarch was that the government would soon introduce a legal clampdown on media intrusions into the private lives of royals and politicians alike.

Major had already put the frighteners on the press by appointing Sir David Calcutt, the establishment's favorite lawyer, to consider the need for legal restraints on the media. The Press Complaints Commission (P.C.C.), a self-regulatory

Stuart Weir is coordinator and joint editor of the Democratic Audit of the United Kingdom, a project that is analyzing the quality of democracy and political freedom in Britain.